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The Legacy of the New Deal: The Role of Government in American Life

Walter F. Mondale*

INTRODUCTION

A contradiction lurks at the heart of American attitudes toward modern government. We assign broad responsibilities to government, yet we deeply mistrust it. We have rejected the pre-New Deal view that events deeply affecting the lives of millions of American citizens lie outside the legitimate purview of government. Despite our willingness to assign government such broad responsibilities, however, Americans tend to view it as remote, extravagant, inefficient, and vulnerable to corruption. With sentiment rooted in the founding of our nation, we fear government's capacity for usurpation and tyranny.

The balance between our reliance on government and our fear of government changes over time. During periods when the need for collective action is especially evident, or agreement on national goals particularly widespread, government grows. During other periods, our latent antipathy to government emerges.

I. REDUCING "BIG GOVERNMENT": TWO ISSUES

The Reagan administration came into office pledged to reduce the size and cost of government. This pledge involved two very different political issues: the proper division of activities between the public and private sectors, and the proper allocation of powers and responsibilities among the various levels of government. The current administration believes that the scope of the private sector should be increased and that state and local government should assume functions now carried out at the federal level. My own beliefs diverge widely from those of Ronald Reagan.

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A. PUBLIC VERSUS PRIVATE RESPONSIBILITIES

Relations between the public and private sectors are much too complex to be represented by any single, clear dividing line. For example, it is clear that the private marketplace is unrivaled as a mechanism for the efficient allocation of resources. But this "allocation" presupposes that resources are already in the possession of market actors, and that the allocation process is not distorted. When these conditions are not satisfied, government has a vital and justifiable role. This role may be exercised in several ways. First, government can and does act to enable individuals to participate in the market, through programs such as food stamps and housing assistance which result in increased consumption of certain market goods. In so doing, the government pursues public purposes through market mechanisms.

Second, government can and does act as a major consumer within the market system, purchasing large quantities of goods and services for its own use. In some cases, in fact, it sustains companies or industries that would not otherwise exist. The use of competitive bidding, especially, utilizes market features in the provision of public goods such as highways and defense.

Third, government contributes to the market as a producer of goods—not just of public goods outside the market, but also of goods and services ultimately exchanged privately on the market. For example, government support of basic research often leads to practical applications and eventually to patentable new products.

Finally, government can and does preside over the market as both the maker and the enforcer of the rules of the game. This government activity is accepted even by the advocates of the minimal state, but its scope is very broad and its consequences far-reaching. Both the content of the rules and the vigor with which they are enforced heavily influence management strategy and tactics. The private sector depends on government to define reasonable rules and enforce them vigorously and predictably. Indeed, this is a key component of what business men and women mean when they speak of a "good business climate."

B. NATIONAL VERSUS LOCAL CONTROL

President Reagan's so-called "New Federalism" is based mainly on the allegation that national government is insufficiently aware of or sensitive to local problems and on the con-

tention that uniform national rules cannot possibly be appropriate for all localities. Large bureaucracies are labeled remote, unresponsive, clumsy, and inefficient. State and local leaders, on the other hand, are credited with better understanding their own problems and caring more about solving them. Finally, the federal government is viewed as too distant and complex to be subject to effective oversight by the people, whereas local government is seen as more accessible, comprehensible, and participatory—in short, more democratic.

It is significant that this latest wave of decentralizing sentiment speaks not of states' *rights* but of democracy and states' *competence*. The localism of the past could often be rejected as covert racism, or post-Civil War backlash, but it cannot be so easily dismissed today.

There is something to the argument that we have come to look too single-mindedly to the national government for solutions to all problems. There is certainly much force to the proposition that we ought to "sort out" the responsibilities of the various levels of government. The problem lies in identifying the essential facts and principles on which to base such a sorting-out.

The national government expanded radically in the past half-century for three different reasons. First, problems national in scope—economic crisis, war and the threat of war, foreign policy—moved to the center of the political agenda. National problems necessitated a national response. Second, the national government was called upon to right age-old wrongs perpetrated or perpetuated by state and local governments, wrongs increasingly unacceptable to the national conscience. Third, the federal government's role in overcoming the most serious economic and military challenges in our history increased our expectations as to its competence in expanding growth, security, and opportunity.

The force of the first of these reasons remains undiminished. National crises still evoke the cry for a national response. But the national consensus on the other two reasons has weakened significantly in recent years.

Proponents of "New Federalism" assert that government initiatives of the past generation have adequately overcome the discrimination that stemmed from state and local government and from private power; legal equality of citizenship is now a reality, and equality of economic and social opportunity has been achieved. They further assert that the national govern-

ment has exhausted its appropriate remedies and that attempts to make further inroads would produce intolerable side effects.

The last rationale, the concept of an expanding national government as the guarantor of rising economic expectations, has also been called into question. What some perceive as the failure of government to realize its economic promises during the past decade has raised doubt concerning the assumption that personal expectations are best satisfied through national policies.

II. THE PROPER ROLE OF GOVERNMENT

Increased skepticism about government does not, in my judgment, translate into a demand for weak government. The American people want a thriving economy, a fairer and more open regime of international trade, a clean and safe environment, a just society, and a strong defense that reduces the risk of nuclear war. The American people know that these objectives cannot be achieved without vigorous, effective government. But the people are asking for a more thoughtful approach that carefully delimits the sphere of legitimate government and employs means that accomplish their intended objectives. Policies that produce unintended consequences, burdensome regulations, or unnecessary intrusions into decisions that individuals or localities are competent to make must be avoided.

A. THE TASKS OF GOVERNMENT

The legitimate functions of the federal government can be divided into five categories. First, the federal government is the protector of basic rights. These basic rights include the political and civil rights promised by the Constitution, equality of opportunity among all citizens, and the right to a decent existence for those who cannot provide for themselves.

Second, the federal government is the guarantor of national security. Responsibilities in this area include maintaining the national defense, providing assistance in the event of large-scale national disaster, providing programs to protect the life and health of individuals against the brunt of economic change and decline, preventing or quelling violent disorder, and participating in local efforts to combat crime and remedy its effects.

Third, the federal government is a partner with the private sector in economic growth. It is essential to confront and refute the core myth of the Reagan administration, which states that

only the private sector produces and that government is but a parasitic consumer. In fact, since the earliest days of the Republic, the national government has been a vital participant in the process of economic growth.

A sturdy and reliable infrastructure of highways, utilities, and public facilities is requisite to the efficient operation of the private sector, yet the private sector lacks an adequate incentive to provide it without public assistance. The private sector also cannot invest enough in human resources through education and job training. Many small businesses lack the resources necessary to finance lengthy and costly training programs during which trainees will not make a positive contribution to cash flow. Furthermore, private business is naturally reluctant to make heavy investments in skills that workers can transport from one company to another.

Finally, a federal industrial strategy is indispensable. The current conditions of international economic competition leave us no choice but to begin to think and act more systematically as a nation to encourage development in specific sectors of the economy.

A fourth necessary function of the federal government is to act as guardian of the future. Political theorists have argued for centuries that left to their own devices individuals and businesses will give short shrift to the long term in favor of short-term gain. The aggregation of short-term decisions produces long-range consequences that society would not have chosen had they been explicitly presented for its consideration. An essential function of government is to throw its weight on the side of the future. In our time, this implies government concern and support for environmental protection, development of substitutes for nonrenewable resources, and adequate support for basic scientific and social research.

Finally, the federal government must be the source of national unity. The Founders intended that national government would mute local and sectional rivalries conflicting with the interests of the nation. Their basic thesis was that each individual citizen would be best served as part of "one nation, indivisible." For this reason, the Founders deliberately, and not without controversy, prefaced the United States Constitution with "We the People" rather than "We the States."

The federal government can promote unity and the common good in several ways. It can provide "public goods" from which benefits are widely shared but which would not be pro-

vided by the beneficiaries acting individually. It can deal, as well, with issues involving costs and benefits that cannot be confined within state boundaries, such as environmental pollution and industrial waste. Uniform safety standards and public welfare systems limit destructive interstate and interregional competition.

National government should work, as far as possible, for regional equity; national involvement ensures that no one region is left behind or made to bear disproportionately the burden of economic and social change. Franklin Roosevelt adopted such a policy in dealing with the South, which consequently began moving toward the economic mainstream as the result of massive government-instituted water projects, rural electrification initiatives, and defense contracts. The entire country benefited from the prosperity of the "New South." A stagnant region is a millstone around the neck of the entire country.

The federal government also promotes national unity by articulating the shared moral sense of the community. The pronouncements of presidents and administration leaders inevitably set the moral tone for public life. If high officials opine that our progressive income tax is "immoral," as has President Reagan, the range of public debate shifts in concrete ways. Leaders of the federal government must constantly invoke the principles that unite us and give our public life purpose and meaning. Only in this manner will individual citizens come to see how particular policies cohere with one another and to feel that they are participants in a collective enterprise that transcends tawdry self-interest.

B. WHAT THE FEDERAL GOVERNMENT MUST NOT DO

I have offered a vision of the vigorous, effective government that I believe our country needs and the people want. It is important to be precise, however, about the tasks inappropriate for the federal government to undertake and the means inappropriate for it to employ. The federal government must seek to avoid actions that reduce individual initiative or impose uniform treatment of problems calling for local diversity and discretion. The federal government must not attempt to deal with a myriad of details and narrow problems; rather, it should focus on broad trends and issues and avoid multiplying the number of small, targeted programs to the point where administrative costs and complexity overwhelm the positive results of these programs. The federal government must discard tactics that

have proven ineffective. It must neither employ means that violate basic American principles, nor fund programs in which a large percentage of supposedly targeted benefits are in fact diverted to third parties. Finally, a federal government must refrain from relying on institutions or tactics that tend to erode public support for policy objectives, and it must not employ commands and prohibitions to the exclusion of incentives and market mechanisms.

III. CONCLUSION

As Franklin Roosevelt and the "New Dealers" recognized, we cannot do without a strong national government if we wish to achieve our shared economic and social objectives. The government need not be, as some have alleged, "on our back." It can be on our side, a partner in progress and prosperity. The government, moreover, need not be some alien force; it has the capacity to represent and respond to the will of the people. George Bernard Shaw once said that democracy is the form of government that gives its citizens what they deserve. Rather than heaping abuse on elected officials and public servants, we should ask ourselves whether we as a people have not placed excessive and contradictory demands on our public institutions.

This is not to say that government has made no mistakes in the past generation, for it has. They must be corrected. But as long as Americans want a more perfect union that will establish justice, insure domestic tranquility, provide for the common defense, promote the general welfare, and secure the blessings of liberty to ourselves and our posterity, we must embrace the government the Founders bequeathed to us—a government of broad delegated powers, capable of responding vigorously, creatively, and effectively to the new problems of every generation of Americans.

